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KOHL S CORP - 1995 Annual Report
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Section Headings: COMPANY REPORT

TEXT:

[SOURCE PAGE 6]

Upgrading Information Technology - A Competitive Strategy

Technology plays a significant role in Kohl's success as we continue to develop new ways to better serve our customers. In-house development of an extensive new client server technology platform began in 1994 and is scheduled for implementation in the spring of 1995. The client server environment will be less expensive to maintain and update than the previous mainframe environment. Graphic interpretations of all merchandising data will give both corporate and store management a birds-eye view of information needed to make better purchasing decisions.

The client server environment will also include a new merchandising allocation system designed to fine-tune product distribution. The ability to cluster stores into groups according to climate for early or late season changes will be one of many new enhancements. The new allocation system will supplement the extensive 1994 rollout of the Inforem III distribution system which automatically reorders basic merchandise. These two systems will provide Kohl's with superior allocation of products to efficiently satisfy the customer's size and color requirements.

The on-going emphasis of Electronic Data Interchange (EDI) increased vendor partnership in exchanging electronic information. Expanded use of advance shipment notices and invoices will ultimately eliminate the manual key-entry of documents. Electronic commerce will continue to be

a critical expense control strategy at Kohl's.

Satellite communication systems are already installed in 70 Kohl's stores, and all remaining stores will go on-line in 1995. The system will expand the range of information available to our Associates.

Our continuing commitment to managing Kohl's with state-of-the-art technology is one of the major factors behind our success - and our ability to carry out our aggressive growth strategy.

(PHOTO OMITTED: "The new Findlay, Ohio, distribution center supports Kohl's on-going expansion in the east-central United States.")

Keeping the Distribution Pipeline Flowing - An Efficiency Strategy

The highlight of our continued investment in distribution facilities and systems was the opening of the new Findlay, Ohio, distribution center in August 1994. This state-of-the-art facility will serve our stores in the east-central United States.

From the trailers that pull up to the distribution center docks, to the actual sales floor, we continue to develop systems that will eventually allow us to have a totally paperless inventory and distribution environment.

Kohl's relationships with its vendor partners will remain an important factor in our ability to maintain a strong in-stock position and improve inventory turnover. We will continue to work closely with our vendors to further improve productivity and efficiency. Training of distribution center Associates will be equally important in the coming year, as Kohl's continues its fast-paced growth and commitment to developing new distribution technology and procedures.

Strengthening Credit Services - A Marketing Strategy

Kohl's customers are saying "charge it" with a Kohl's credit card in increasing numbers. Store expansion and new store openings have resulted in unprecedented growth in the number of Kohl's charge card holders, providing yet another opportunity for us to better serve our own customers.

Credit card services, currently handled by a third-party processor, will move in-house in late 1995 or early 1996, providing significant opportunities for both our customers and Kohl's. Customers will benefit from our ability to communicate with them directly to answer billing and payment questions, and to be more flexible in awarding card privileges and in setting credit limits. Overall, the move extends our traditionally strong commitment to customer service.

Kohl's charge customers will also benefit from innovative new marketing and promotional programs designed to assist us in incrementally growing our credit business.

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DIALOG(R) File 15:ABI/Inform(R)

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Information is hard at work at Mark's Work Wearhouse

Anonymous

Chain Store Age (Section 2)World-Class Retail Solutions Supplement PP:

14A-16A Nov 1996 CODEN: CSAEAQ ISSN: 0193-1199 JRNL CODE: CSA

DOC TYPE: Journal article LANGUAGE: English LENGTH: 3 Pages

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COMPANY NAMES:

Marks Work Wearhouse Ltd (DUNS:24-012-5070)

GEOGRAPHIC NAMES: Canada

DESCRIPTORS: Retailing; Regions; Inventory management; Information systems;
Case studies; MerchandisingCLASSIFICATION CODES: 9172 (CN=Canada); 8390 (CN=Retailing industry); 5330
(CN=Inventory management); 7000 (CN=Marketing); 5240 (CN=Software &
systems); 9110 (CN=Company specific)

ABSTRACT: Mark's Work Wearhouse (Canada) is bucking a trend in big box retailing: It is catering to individual customers. While Mark's stores may be physically cut from the same mold, the merchandise does vary significantly. That is because the store managers have traditionally done the bulk of the ordering. Tailoring store-specific merchandise mixes is tough, but an inventory and replenishment system from IBM Inforem is letting the retailer do just that. Mark's installed Inforem/400 in December of 1995. The system, which runs on the IBM AS/400 platform, is allowing the chain to maintain its longstanding commitment to locally defined product mixes.

TEXT: Headnote:

A big box

retailer harnesses

technology to tailor inventories to local demand.

Canada's Mark's Work Wearhouse is bucking a trend in big box retailing: It's catering to individual customers. From genteel downtown Toronto to the oil fields of northern Alberta, Canada, the chain caters to customers with very different definitions of work wear. "We're fashion followers, not fashion leaders," comments Colin Laker, vp of systems. "But we cater to working men and women. We let the customers decide what we should be stocking in our stores-and that varies considerably from store to store. "In downtown Toronto, work wear is khaki pants and a golf shirt," he continues. "We don't get a lot of guys driving up in pickup trucks to buy boots. But in the oil fields around Edmonton, guys will jump out of pickups covered head-to-foot in oil. I tell you, it's not uncommon for them to strip to their skivvies in the parking lot, rush inside and buy everything new."

While Mark's stores may be physically cut from the same mold, the merchandise does vary significantly. That's because the store managers have traditionally done the bulk of the ordering. "We call ourselves a pull organization," Laker says. "We allow the stores to reorder basic commodities. We want them to do that because we want our stores to reflect Canada's regional differences. We sell a lot more rainwear in Vancouver than we do in Saskatoon. You have to allow the stores to tailor their assortment to the local marketplace. Even in a big box format, we actively

encourage that. Our corporate culture is dead set against the idea of cookie-cutter merchandising."

Laker says the regional differences extend beyond weather and the nature of work in different regions. Sizes also vary regionally. Mark's stores in British Columbia cater to a significant Asian population, and smaller sizes are a steady part of the mix in the stores. In Gallic Quebec, customers tend to be of average stature. While in the prairie and mountain provinces, Laker says they "grow 'em big."

Tailoring such refined store-specific merchandising mixes is tough, but Laker says an inventory forecasting and replenishment system from IBM Inforem is letting the retailer do just that. Mark's installed Inforem/400 in December of 1995. The system, which runs on the IBM AS/400 platform, is allowing the chain to maintain its long-standing commitment to locally defined product mixes.

"Inforem is eliminating what was a chore for the store managers-making redundant commodity buying decisions," Laker says. "But it's doing that while still reflecting all the differences in the markets that I've mentioned.

"There was no other system out there that was as pull-oriented as Inforem. It's a tool for our stores. Since the store managers don't have to deal with redundant reorders, they can focus on the sales potential of products that trend up and down." And, while Inforem/400 has allowed the chain to implement centralized buying, it has not cut the store managers out of the loop. They can sign off on reorders suggested by the system, or they can alter those orders based on their knowledge of what they expect to sell in their stores. "We allow Inforem to calculate the reorders, and then the store managers can review those suggested orders on their screens in the stores," Laker explains. "That way the system is gaining the trust of the store managers. They can go over the suggested order and see if it conforms with how they would have formulated an order in the past."

If the store managers don't alter the suggested order within 24 hours, the system automatically finalizes the order and sends it off to the manufacturer.

Laker says store managers are gaining comfort with the system and added that the system is being tweaked to better reflect the idiosyncrasies of buying in each of the chain's 140 stores.

(Photograph Omitted)

Captioned as: Mark's Work Wearhouse has automated the replenishment of commodity items, freeing up store managers to focus on the performance of products whose sales cycles are more erratic.

"We will have a team of people to alter the parameters of the Inforem software so that it will affect different parameters at different stores," he says.

"Parameters could be things like different sellthrough rates on skus. Or they can reflect different presentation requirements based on the size of the stores-our stores vary from 10,000 sq. ft. to 15,000 sq. ft.

"The store managers also have input in setting different servicelevel parameters for their stores. You can tell the system that a specific store needs to be 99% in stock on a particular sku at all times. Or you can set that parameter at 75%. In other words, telling the system that it's OK to be out of stock on that item one out of four weeks.

"The system can also reflect all those regional differences in size per sku

that I mentioned earlier." But the system is not only an inventory replenishment system, it's also a robust forecasting package.

"For the past three years, we've been capturing historical data at 16 different levels of hierarchy in each of our stores," Laker says. "We accumulate that information on a store-by-store basis and we use it to do a store-specific forecasting plan twice a year, spring and fall. We call that our merchandising plan, and it becomes the stores' sales budget. The plan is actually done by the stores, but it is summarized up to the top levels. Buying is done by department on a summary level."

Mark's is feeding all that historical data in the AS/400. Info the Inforem system. The chain is building a sort of "mini-data warehouse" on the AS/400. Inforem will allow the company to compare profiles of individual stores and clusters of stores. It is expected to make the forecasting process more consistent across stores.

"Inforem gives us the ability to profile the stores properly," Laker says.

The retailer also shares forecasting data with suppliers, where prudent.

"If a vendor can manage inventory better than we can, we have no qualms about sharing forecasting information with that vendor," Laker says. "We supply them with sales information and model stock information. It's weekly store-specific information, by style, by size."

"The problem with the concept of vendor-managed inventory in the past was that it didn't take into account the peaks and valleys in the sales patterns of individual stores," he continues. "The kind of forecasting information Inforem will allow us to offer the manufacturers will help them respond to those changes."

The choice of the AS/400 platform again goes back to the retailer's commitment to involving the store managers in the merchandising process.

"We felt the AS/400 was the platform best suited to our client/server environment," Laker says. "We really like its distribution capabilities. We have the smallest version of the AS/400 in each of our stores, and they are all connected to a midrange AS/400. That means any of our store managers can see right down the throat of any other store across the country on any item, any time they want."

For more information about Inforem/400, contact Randy Stephens, national sales manager, Inforem Inventory Solutions, at (770) 835-8744.

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Items	File
1	15: ABI/Inform(R)_1971-2005/Feb 09
1	16: Gale Group PROMT(R)_1990-2005/Feb 09
Examined 50 files	
Examined 100 files	
1	148: Gale Group Trade & Industry DB_1976-2005/Feb 08
Examined 150 files	
Examined 200 files	
Examined 250 files	
Examined 300 files	
Examined 350 files	
1	541: SEC Online(TM) Annual Repts_1997/Sep W3
1	553: Wilson Bus. Abs. FullText_1982-2004/Sep
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Examined 550 files	

5 files have one or more items; file list includes 563 files.
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09feb05 11:18:16 User268077 Session D193.3

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\$1.65 1 Type(s) in Format 3

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\$5.05 2 Types

\$7.12 Estimated cost File15

\$0.26 INTERNET

\$7.38 Estimated cost this search

\$17.28 Estimated total session cost 4.026 DialUnits

File 16:Gale Group PROMT(R) 1990-2005/Feb 09

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\$1.55 1 Type(s) in Format 3

\$1.55 1 Types

\$3.10 Estimated cost File148

\$0.26 INTERNET

\$3.36 Estimated cost this search

\$24.00 Estimated total session cost 4.602 DialUnits

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